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THAN ANY OTHER CLOTHES IN AMERICA

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BOND STORES, INCORPORATED

annual report

YEAR ENDED JULY 31, 1957



STATE STREET, CHICAGO—Impressive six-story wholly-owned subsidiary property, anchor store for Bond's mid-west operations.



LOS ANGELES—Key store of twelve in the Los Angeles area, Bond's Broadway unit was rebuilt and modernized in 1949.



BOND'S FIFTH AVENUE, New York—At the corner of 35th Street, this is a complete apparel center for the entire family on the most famous fashion street of all. Six selling floors and company Executive and Buying Offices are housed in this eleven story building.



TIMES SQUARE SHOWPLACE, New York—This complete family apparel store at the crossroads of the nation is located in our wholly-owned subsidiary property at 45th Street, known throughout the world. Roof sign, formerly used by Bond, has been leased at a satisfactory rental.



CLEVELAND—Advanced styling of this downtown store, opened in 1947 at Cleveland's busiest intersection, makes it outstanding in its surrounding business area. Bond has served the people of Cleveland since 1915. There are now four Bond stores in this area.

Bond Stores are located in major cities coast to coast!

OFFICERS

BARNEY RUBEN	<i>Chairman of the Board and President</i>
IRVING COHEN	<i>Vice-President</i>
JAMES W. CONNORS	<i>Vice-President</i>
SYLVAN N. KING	<i>Vice-President</i>
IRVING MOSELOWITZ	<i>Vice-President</i>
LOUIS A. GOOD	<i>Vice-President</i>
MAURIE SANGER	<i>Vice-President</i>
LOUIS B. BERMAN	<i>Vice-President</i>
WILLIAM B. LOFTUS	<i>Vice-President</i>
ELLIS H. SCHECHTMAN	<i>Secretary and Treasurer</i>
BERNARD GROSSMAN	<i>Assistant Secretary</i>

BOARD OF DIRECTORS

BARNEY RUBEN	ELLIS H. SCHECHTMAN
IRVING COHEN	JOSEPH KLINGENSTEIN
JAMES W. CONNORS	FRED F. FLORENCE
SYLVAN N. KING	CHARLES F. PHILLIPS
IRVING MOSELOWITZ	WM. J. HAMMERSLOUGH

TRANSFER AGENT

CHASE MANHATTAN BANK
40 Wall Street • New York 15, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street • New York 15, N. Y.

This report to stockholders is published solely for the purpose of providing information. It is not a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET

NEW YORK 1, N. Y.

October 28, 1957

Dear Stockholder:

Together with this annual progress report, we are pleased to submit the consolidated results of operations for the fiscal year ended July 31, 1957 and the financial position of your Company and its subsidiaries at the close of that year reported upon by the Company's auditors.

NEW STORES:

In the Fall of 1956 we opened one replacement and 11 new stores. We added two new stores during the Spring of 1957, making a total of 14 openings in the entire fiscal year. Except for three, all of these stores are in large regional shopping centers located in suburban areas of cities where we operate long established major downtown stores. With the closing during the year of three smaller units at locations no longer considered to be desirable, there were 95 stores in operation on July 31, 1957 compared with 85 at the end of the prior fiscal year.

SALES:

Sales of \$89,615,847.35, the largest in the history of the Company, were \$2,300,844.13 (2.6%) greater than sales for the prior fiscal year. This increase is accounted for entirely by the stores opened as above mentioned. Comparative sales volume for all stores in operation during each of the full fiscal years ended July 31, 1957 and 1956, respectively, reflects a decline of 6.6%. Contributing in a measure to such decline was the transfer of their patronage by some of our customers from our existing downtown stores to our new shopping center stores located in closer proximity to their homes. In addition, a number of our downtown stores have suffered some loss of volume as the result of diversion of customer patronage to stores other than our own in shopping centers where we do not have representation but which are located in suburban areas close by to cities where we presently operate downtown stores. As you may recall, this fiscal year was unique in the unseasonableness of weather in peak buying periods and was undoubtedly a further contributing factor to our experience.

EARNINGS:

After provisions for Federal Income Taxes and Company's and subsidiaries' contributions to the Bond Stores, Incorporated Employee Profit Sharing and Retirement Fund, the consolidated net income of the Company and its wholly-owned subsidiaries from operations was \$3,522,494.50, or \$2.09 per share, which was increased by a special item of net gain of \$2,096,629.52, as set forth on the accompanying consolidated statement of income and earned surplus, to an aggregate net income and special item of \$5,619,124.02, equal to \$3.33 per share. Last year the consolidated net income from operations was \$3,162,511.60, equal to \$1.87 per share.

DIVIDENDS:

Following the approval by the Board of Directors and effective with the dividend payment to stockholders on April 10, 1957, the annual cash dividend rate was increased from \$1.00 to \$1.25. Dividend distribution during the fiscal year amounted to \$1,899,430.88 made up of two quarterly dividends of 25c each and two quarterly dividends at the increased rate of 31¼c each. After adding the balance of net earnings to surplus, working capital on July 31, 1957 amounted to \$40,284,165.85. The ratio of current assets to current liabilities was 7.7 to 1. The parent company continues to have no bank debt and no funded debt and has no present intention of borrowing. The book value was \$31.18 per share compared with \$28.98 per share on July 31, 1956.

CAPITAL EXPENDITURES:

Pursuant to our policy of limiting capital expenditures to store fixtures while requiring landlords to make the major expenditures in connection with store construction and land and building improvements, our capital expenditures during the fiscal year were only \$1,307,749.84 principally for store fixtures and related items in connection with the opening of the 14 new stores as well as for fixture improvements in a number of our existing stores.

INVENTORY:

Inventory of raw materials and of finished products purchased and manufactured was \$26,011,712.19 at the close of the year, an increase of \$1,600,151.78 over the prior year. Inventories at the stores opened during the year as well as requirements for our two new large stores opened earlier this month account for the increase. Inventories of merchandise and purchase commitments at the close of the fiscal year are believed to bear a reasonable relationship to current and prospective sales.

GENERAL:

Due to unavoidable circumstances experienced by several of our landlords, certain store openings, which we had expected would take place in Spring 1957 had to be postponed. Accordingly, we have had to revise our timetable of store openings. As of this date two stores have been opened thus far in this new fiscal year, one in Southgate Shopping Plaza, approximately 14 miles from downtown Cleveland, Ohio, and the other in the Eastland Shopping Plaza, West Covina, California, about 20 miles from downtown Los Angeles. Acceptance of each of these stores by their respective communities has been up to expectations. During

the remainder of the current fiscal year we expect to open three additional stores, each in a large regional shopping center. Except for two stores which are scheduled for openings in the Fall of 1958, there are no further new locations to report upon at this time.

With respect to store leases which will be expiring in 1958 and 1959, we plan to renew only those which will qualify as to our standards for location and lease terms. As to stores which may be closed because they do not meet these standards, we intend wherever desirable to replace them with more modern and better located downtown stores or with stores in acceptable regional shopping centers serving the same area. We also have a continuing interest in additional stores which meet our standards.

As of July 31, 1957 there were 40 agency stores in operation compared with 49 as of the end of the prior fiscal year. Two new agency agreements were entered into during the year and 11 were terminated, principally because their operations were not completely satisfactory.

During the year the property located in Atlanta, Georgia, owned by Bond Stores of Georgia, Inc., a wholly-owned subsidiary, was sold for a price substantially equivalent to cost and leased back under a long term lease.

Last year we reported to you the sale on October 31, 1956 of all of the issued and outstanding stock of Style Manor, Inc., a wholly-owned subsidiary whose principal asset at the time of sale, subject to a mortgage in the amount of \$5,000,000.00, was the 840,000 square foot Style Manor factory in Rochester, New York, the gain on which is shown as a special item in this report. Following the sale, manufacturing operations were transferred back to our Martin Street plant, which is also in Rochester. The transfer, made in a gradual and orderly manner with no layoff and with minimum interruption in production, was completed early in February 1957, approximately eight weeks ahead of schedule. The reduction for the balance of the year in manufacturing operating expenses resulting from the sale and the move have contributed in some measure to the Company's improved operating income for the current fiscal year compared with that of the prior fiscal year. Because reduction in manufacturing operating expenses will be reflected for the full year, we expect to see further improvement in profit performance during the coming fiscal year assuming, of course, that economic conditions continue at substantially the same level as during the past year. I should also like to point out that the opportunity for closer supervision in the manufacture of our product should further enhance the outstanding competitive value of the clothing which we produce.

It is difficult to forecast the future in the face of changing conditions. Our Company policy of offering outstanding quality and value at most competitive prices has served us well in the past, and has enabled us to maintain a fair volume of business and a fair measure of profits related to such volume, during less favorable economic periods than we are presently enjoying. We therefore look forward with confidence in the belief that the maintenance of this policy will well serve our customers and ourselves to the extent that we should continue to enjoy a fair measure of sales and related profits.

The individual and collective cooperation of our employees in our factories, stores and executive offices has contributed toward the results obtained during the fiscal year just ended. On behalf of the Board of Directors, I wish to express my deep appreciation to each of them individually. I also want to say thanks to our vendors for their cooperation, to our customers for their patronage, and to our stockholders for their confidence.

Respectfully submitted,

Barney Ruben

President

Comparative Highlights for the fiscal year ended July 31

	1957	1956
NET SALES	\$89,615,847.35	\$87,315,003.22
INCOME BEFORE TAXES	7,227,494.50	6,517,511.60
INCOME AFTER TAXES	3,522,494.50	3,162,511.60
EARNINGS PER SHARE	2.09	1.87
SPECIAL ITEM NET GAIN	2,096,629.52	—
EARNINGS PER SHARE ON SPECIAL ITEM	1.24	—
DIVIDENDS PAID PER SHARE	1.12½	1.00
WORKING CAPITAL	40,284,165.85	36,674,480.53
CURRENT RATIO	7.7 to 1	5 to 1
CAPITAL STOCK & SURPLUS	52,641,568.61	48,921,875.47
BOOK VALUE PER SHARE	31.18	28.98
*NUMBER OF STORES	95 stores	85 stores
*Does not include agencies		

BOND STORES, INCORPORATED AND
CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Cash on hand and in banks		\$6,957,341.17
Accounts receivable—customers	\$13,416,230.43	
Less: Reserve for doubtful accounts	330,151.81	13,086,078.62
Miscellaneous accounts receivable		230,465.32
Merchandise inventories—Note A:		
Woolens, trimmings, etc.	2,525,782.81	
Work in process	1,587,241.59	
Finished goods	21,898,687.79	26,011,712.19
Total Current Assets		46,285,597.30
Miscellaneous Other Assets		419,262.49

Fixed Assets—at cost—Note B:

Land and buildings	\$9,505,861.96		
Less: Reserves for depreciation	1,672,840.52	7,833,021.44	
Machinery, furniture, fixtures and equipment	7,382,728.78		
Less: Reserves for depreciation	3,559,298.10	3,823,430.68	
Alterations, improvements and leaseholds	6,531,213.45		
Less: Reserves for amortization	3,130,039.06	3,401,174.39	15,057,626.51

Deferred Charges:

Prepaid rent and advances to landlords on improvements to leased properties	1,000,684.21	
Unexpired insurance and other prepaid expenses	876,762.11	1,877,446.32
		<u>\$63,639,932.62</u>

The accompanying Notes to Financial Statements are an integral part of this statement and should be read in connection therewith.

AND WHOLLY-OWNED SUBSIDIARIES

SHEET AS AT JULY 31, 1957

LIABILITIES

Current Liabilities:

Accounts payable		\$1,785,264.51
Deposits, due to customers, etc.		572,019.55
Accrued expenses and taxes other than Federal income taxes		2,951,645.38
Reserve for Federal income taxes—Note C	\$3,583,679.15	
Less: United States Treasury Bills—at cost, plus accrued interest	3,121,333.31	462,345.84
Mortgages and mortgage bonds payable—current installments—Note B		230,156.17
Total Current Liabilities		6,001,431.45
Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B	5,227,088.73	
Less: Current installments shown above	230,156.17	4,996,932.56

Capital Stock and Surplus:

	<i>Shares</i>		
Preferred Stock—			
par value \$100.00 per share:			
Authorized to be issued in			
series as designated by			
the Board of Directors	100,000		
Retired and cancelled	60,000		
Authorized but not			
designated	40,000		
Common Stock—			
par value \$1.00 per share:			
Authorized	2,500,000		
Issued and outstanding	1,688,383	1,688,383.00	
Capital Surplus (no change			
during the year)	\$11,596,135.77		
Earned Surplus—Exhibit B	39,357,049.84	50,953,185.61	52,641,568.61
			\$63,639,932.62

Financial Statements are an integral
part and should be read in conjunction herewith.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS
FOR THE YEAR ENDED JULY 31, 1957

Sales		\$89,615,847.35
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D		81,608,320.95
		<u>8,007,526.40</u>
Add:		
Income from owned real estate before depreciation—Note E	\$280,126.80	
Other income—net	248,383.18	528,509.98
		<u>8,536,036.38</u>
Deduct:		
Depreciation and amortization		1,308,541.88
Net income before Federal income taxes		7,227,494.50
Provision for Federal income taxes, exclusive of portion included below—Note C		3,705,000.00
Net income		<u>3,522,494.50</u>
Special item:		
Net gain on sale of investment in a wholly-owned subsidiary and related income and expenses, less Federal income and state taxes applicable thereto of \$338,000.00		2,096,629.52
Net income and special item		5,619,124.02
Earned Surplus as at July 31, 1956		35,637,356.70
		<u>41,256,480.72</u>
Dividends on Common Stock		1,899,430.88
Earned Surplus as at July 31, 1957—Exhibit A		<u>\$39,357,049.84</u>

The accompanying Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1957

NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.

NOTE B: Land in the amount of \$5,549,393.34 and buildings in the amount of \$3,956,468.62, totaling \$9,505,861.96, consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factory owned by Bond Martin St. Corp., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.

The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$2,567,088.73, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$2,660,000.00, payable in quarterly installments to December 17, 1967. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as collateral under the mortgages, respectively.

NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined and settled to December 31, 1950; the three years ended December 31, 1953 have been examined and provision made for the adjustments agreed upon with the revenue agent as to which a final report has not yet been received.

The accompanying financial statements are subject to final determination of Federal, state and local taxes.

NOTE D: The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom \$4,000,000.00 plus \$1.00 per share for any additional shares which the Corporation may issue after December 31, 1952 excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.

The contributions of the Corporation and its wholly-owned subsidiaries for the year ended July 31, 1957 amounted to \$265,731.45.

NOTE E: This item includes intercompany rental on property partly occupied by the parent company.

GENERAL: As at July 31, 1957, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1960 amounts to approximately \$2,472,000.00. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,

BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at July 31, 1957, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at July 31, 1957, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

New York, N. Y.
October 9, 1957

S. D. LEIDESDORF & CO.

LOCATION OF BOND STORES AND AGENCIES

ALABAMA

BIRMINGHAM

CALIFORNIA

FRESNO
GLENDALE
HOLLYWOOD
HUNTINGTON PARK
LAKEWOOD CENTER
LOS ANGELES (5 stores)
NORTH HOLLYWOOD
OAKLAND
PANORAMA CITY
SAN FRANCISCO
SAN JOSE
WEST COVINA

CONNECTICUT

HARTFORD
NEW HAVEN
*NEW LONDON
*TORRINGTON

DELAWARE

*WILMINGTON

DISTRICT OF COLUMBIA

WASHINGTON

FLORIDA

*JACKSONVILLE
*TALLAHASSEE

GEORGIA

ATLANTA
SAVANNAH

ILLINOIS

ALTON
CHICAGO (8 stores)
HILLSIDE
KANKAKEE
SPRINGFIELD

IOWA

DES MOINES

KENTUCKY

LOUISVILLE

LOUISIANA

*MONROE

MAINE

*PORTLAND

MARYLAND

BALTIMORE (2 stores)

MASSACHUSETTS

BOSTON
FALL RIVER
*LAWRENCE
*PITTSFIELD
SPRINGFIELD

MICHIGAN

DETROIT (2 stores)
MUSKOGON

MINNESOTA

MINNEAPOLIS

MISSOURI

CLAYTON
KANSAS CITY
ST. LOUIS

MONTANA

*BILLINGS
*MISSOULA

NEBRASKA

*GRAND ISLAND
*HASTINGS
OMAHA

NEW JERSEY

JERSEY CITY
NEWARK
NEW BRUNSWICK
*RED BANK
TRENTON
PARAMUS

NEW MEXICO

*ROSWELL

NEW YORK

ALBANY
BUFFALO
*ELMIRA
*GLENS FALLS
*GLOVERSVILLE
HICKSVILLE, L. I., N. Y.
NEW HYDE PARK, L. I., N. Y.
NEW YORK (7 stores)
*POUGHKEEPSIE
ROCHESTER (2 stores)
SCHENECTADY
SYRACUSE
VALLEY STREAM

OHIO

AKRON
*ALLIANCE
CINCINNATI
CLEVELAND (3 stores)

OHIO (continued)

COLUMBUS
DAYTON
LORAIN
MAPLE HEIGHTS
*SALEM
TOLEDO
YOUNGSTOWN

OKLAHOMA

OKLAHOMA CITY

PENNSYLVANIA

*BRISTOL
*BUTLER
*CHESTER
*FAIRLESS HILLS
GERMANTOWN
*HAZLETON
*NEW KENSINGTON
PHILADELPHIA
PITTSBURGH
READING
SCRANTON
*UPPER DARBY
WILKES-BARRE

RHODE ISLAND

PROVIDENCE

TENNESSEE

MEMPHIS

TEXAS

*ABILENE
*AUSTIN
*BROWNWOOD
*CORPUS CHRISTI
DALLAS (2 stores)
FORT WORTH
*GALVESTON
HOUSTON (2 stores)
*SAN ANTONIO
*WICHITA FALLS

VERMONT

*BARRE
*RUTLAND

VIRGINIA

FALLS CHURCH

WEST VIRGINIA

*CHARLESTON
*PARKERSBURG

WISCONSIN

MILWAUKEE
*SUPERIOR

Factories in Rochester, N. Y., New Brunswick, N. J. and Meridian, Miss.

*AGENCIES

Fourteen new Bond stores opened during fiscal 1956-1957

All sections of nation represented in continuing Company growth



◀ **DOWNTOWN ATLANTA**—After an absence of three years, Bond's returned to Atlanta with this smartly designed four-floors-and-mezzanine apparel center. Bond's has served the people of this important Southern city with fine clothing for almost 20 years.

DEEP IN THE HEART OF TEXAS —▶ One of the most important Bond stores in the Southwest, this new 30,000-square-foot unit fronting on two main streets in Dallas replaces a smaller store opened in 1938.



NEW YORK CITY SUBURBS saw the addition of four new Bond stores. Shown above is Bond's spacious apparel center at Garden State Plaza Shopping Cen-

ter, one of the outstanding suburban locations in the east. The three others are located in shopping centers on Long Island.



CALIFORNIA STYLE—This handsome West-coast store at 5575 Wilshire Boulevard, Los Angeles, is one of three opened in the Southern California area, bringing the total number of Bond stores in that state to 16.



MID-WEST—Two of the new suburban stores are located in the central part of the nation. One in a suburb of Cleveland, and another, shown above, in the Hillside Shopping Center, on the western side of Chicago.

